

**Summary: Executive Budget Recommendation
NATURAL RESOURCES FY 2003-04
House Bill 4400**



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Budget Overview

The appropriations bills for the Departments of Natural Resources and Environmental Quality support resource protection, conservation, and management programs.

- The General Fund contribution to resource protection programs is only 17% of the total appropriation.
- Of the \$41.6 million appropriated for FY 2002-03, nearly \$14.0 million is provided to local governments for payments in lieu of taxes.
- Like environmental protection programs, nearly all state support comes from license and permit revenue.
- Federal funds support game and fish habitat maintenance and hunter safety protection programs.

Summary of Major Budget Issues

State Parks – The Executive Recommendation replaced General Fund support with restricted fund revenue (\$8.5 million). Fee support would be provided from motor vehicle fees and from the State Park Endowment Fund (revenue received from oil and gas royalty payments to the Natural Resources Trust Fund). The House Substitute does not include this fee increase, and reinstates General Fund

Taxes – The State would no longer make tax payments. Instead, a \$2.00/acre payment would be made to county governments. Restricted funds (Game and Fish Fund, Waterways, and the Natural Resources Trust Fund) would no longer make tax payments. This program would be transferred to the Department of Treasury in the House Substitute.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 5/8/03)	Executive	House	Senate	Enacted	Difference: Houses to 2002-03 YTD Amount %	
IDG/IDT	\$3,437,900	\$3,437,900	3,437,900			\$0	0.0
Federal	30,427,300	27,806,600	27,806,600			(2,620,700)	(8.6)
Local	0	0	0			0	0.0
Private	1,793,700	1,871,400	1,871,400			77,700	4.3
Restricted	177,513,900	180,203,500	178,711,600			1,197,700	0.7
GF/GP	41,624,447	28,823,500	17,773,800			(23,850,647)	(57.3)
Gross	\$254,797,247	\$242,142,900	\$229,601,300			(\$25,195,947)	(9.9)
FTEs	2,081.5	2,088.5	2,088.5			7.0	0.3

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
PROGRAM REDUCTIONS:			
1. <i>Payments in Lieu of Taxes</i>	Gross	\$9,717,200	(\$9,712,200)
This program would be changed from a payment in lieu of taxes program to a new grant program to counties. Like the Swamp Tax, payments would be made at the rate of \$2 per acre.	Federal	0	0
	Restricted	5,742,200	(5,742,200)
	GF/GP	\$3,975,000	(\$3,975,000)
The House Substitute transferred this program to the Department of Treasury.			
Executive Change: (\$7,704,300)			
2. <i>Administrative Unit General Fund Reductions</i>	Gross	NA	(\$1,680,500)
The House Substitute reduced all administrative line items by 40% of the level of General Fund recommended by the Executive.	GF/GP		(\$1,680,500)
3. <i>Baseline Program Reductions: EO 2002-22</i>	Gross	\$252,384,100	(\$1,095,800)
Program reductions would be made to make permanent reductions in the Department's operating budget. Reductions in 2002 were realized through the use of residual Recreation Bond revenue for debt service on 1988 Quality of Life Bonds (Department of Treasury).	Private	1,793,700	0
	Federal	30,427,300	0
	Restricted	176,338,800	0
	GF/GP	\$43,824,300	(\$1,095,600)
Executive Change: (\$1,095,800)			
4. <i>Marine Safety Grants</i>	Gross	\$3,230,000	(\$425,000)
Marine Safety grant funds would be reduced. These grants are provided to county sheriffs to partially support the cost of enforcement of watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program.	Federal	0	0
	Restricted	3,230,000	(425,000)
	GF/GP	\$0	\$0
Executive Change: (\$425,000)			
5. <i>Department of Information Technology Rate Reduction</i>	Gross	\$14,673,100	(\$241,900)
The rates used to charge department DIT support costs would be reduced.	Federal	0	0
	Restricted	12,949,100	0
	GF/GP	\$1,724,000	(\$241,900)
6. <i>Building Occupancy Charges: Rate Reduction</i>	Gross	\$2,139,100	(\$139,000)
The rates used to charge department for State owned office space would be reduced. Actual budget impact would be realized in the Department of Management and Budget.	Federal	0	0
	Restricted	802,700	0
	GF/GP	\$1,336,400	(\$139,000)
Executive Change: (\$139,000)			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
ONE-TIME PROGRAMS & FUNDING ADJUSTMENTS			
7. Federal Land and Water Conservation Fund Grants	Gross	\$4,134,000	(\$3,933,000)
The funding level for this grant program would be reduced to \$1,000; \$200,000 would continue to be appropriated for administrative costs of this program. The federal allocation for Michigan projects has not been established for FY 2003-04.	Federal	4,134,000	(3,933,000)
	Restricted	0	0
	GF/GP	\$0	\$0
Executive Change: (\$3,933,000)			
8. Treaty Waters and Natural Rivers Program Funding	Gross	\$0	\$204,000
Game and Fish Protection Fund would be provided to replace General Funds reduced in FY 2002-03.	Federal	0	0
	Restricted	0	204,000
	GF/GP	\$0	\$0
Executive Change: \$204,000			
PROGRAM EXPANSIONS & FUNDING INCREASES			
9. Fish Production: Federal Grant Increase	Gross	\$24,322,400	\$900,000
The grant level for fisheries programs from the US Department of Interior would be increased.	Federal	6,699,400	900,000
	Private	22,300	0
	Restricted	17,396,700	0
	GF/GP	\$204,000	\$0
Executive Change: \$900,000			
10. Marine Safety Training Grants	Gross	\$26,770,300	\$0
Additional Federal funds are available for watercraft safety programs. This increase would replace General Fund support reduced in this recommendation.	Federal	2,001,200	400,000
	Restricted	20,611,800	0
	GF/GP	\$4,157,300	(\$400,000)
Executive Change: \$400,000			
11. Rural Community Fire Protection Grants	Gross	\$100,000	\$150,000
Additional Federal funds are available for local fire departments.	Federal	100,000	150,000
	Restricted	0	0
	GF/GP	\$0	\$0
Executive Change: \$150,000			
FEE INCREASES AND OTHER ADJUSTMENTS			
12. State Park Funding Adjustments	Gross	\$0	\$0
The Natural Resources Commission would be authorized to establish park fees. Motor Vehicle Permits would be increased from \$20 to \$24, and Daily Permits would be increased from \$4 to \$6. Current law gives this authority to the Legislature. Park Endowment Fund support would be increased by 6,000,000.	Federal	0	0
	Restricted	0	6,000,000
	GF/GP	\$0	(\$6,000,000)
The House Substitute does not include the increase in motor vehicle permit fees.			
Executive Change: (\$8,546,900 funding shift)			
Enabling legislation is required.			
13. Park Improvement Fund Debt Service Payments	Gross	\$1,200,000	(\$133,100)
Debt service requirements for bonds sold for improvements at Sterling State Park would be less in FY 2003-04.	Federal	0	0
	Restricted	1,200,000	(133,100)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2002-03:

Deleted by the House

Sec. 207. DIT User Fees – NEW SECTION

The **Executive** added requirements for each department to pay a user fee to the Department of Information Technology.

Deleted by the House

Sec. 210. Incentive for Administrative Efficiencies – NEW SECTION

The **Executive** allows the reappropriation of one half of the realized General Fund lapse from FY 2002-2003. Funds could be spent if the proposed spending plan is approved by the State Budget Director.

Sec. 212. Fish and Wildlife Audit Settlement – NEW SECTION

The **House** would authorize \$556,000 to cover audit report exceptions identified in the advisory report dated October 11, 2002.

Deleted by the House

Sec. 304. Land Transfer Application and Transaction Fees – NEW SECTION

The **House** would authorize the Department to collect fees to cover costs related to the sale or exchange of State land.